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Sen. Van Woerkom calls budget compromise good news for working families

Lansing – State Sen. Gerald Van Woerkom (R-Norton Shores) called a compromise to solve Michigan's \$920 million budget deficit good news for working families.

The deal guarantees an income-tax cut in 2004 while providing additional revenue to soften cuts to public schools, higher education and local governments. It also includes an incentive for small businesses to provide greater healthcare benefits to their employees by reducing a tax burden by 50 percent by January 2007.

"I'm glad we were able to find a consensus that protected both taxpayers and needed state services," Van Woerkom said.

Van Woerkom said the Senate, the House of Representatives and the Governor's Office each compromised to reach the deal, which also includes an additional \$12 million in administrative cuts for state government that were not in the initial plan.

The cuts to K-12, higher education and revenue sharing were reduced from the governor's original proposal because of Republican insistence on how money from pausing the income-tax rollback for six months be spent.

Under the Republican proposal, the roughly \$77 million raised by pausing the rollback will be divided among schools, universities and local governments. Schools now face a reduction of less than \$100 per pupil, down significantly from the \$196 per pupil proposed by the governor. The deal reduces cuts in revenue sharing to 5 percent while university funding drops as little as 2 percent if tuition increases are kept in check.

Under the deal that the Republicans helped craft, small businesses in Michigan will see a 50-percent reduction in one of the state's most onerous tax burdens. The tax cut will open the door for greater healthcare benefits for working families. Taxes paid by employers on healthcare benefits under the state's Single Business Tax will drop by 5 percent starting in January 2004. The tax drops another 15 percent in January 2005, another 20 percent in January 2006 and an additional 10 percent in January 2007.

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